

New Energy Economy Market Research Study

Environmental Defense Fund

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F R O S T & S U L L I V A N

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Research Background

The Environmental Defense Fund is engaged in providing a snapshot of jobs and economic opportunities related to climate solutions (“green economy”) by mapping renewable energy and energy efficient businesses and their supply chains.

EDF also would like to develop a better understanding of the dynamics and development of the burgeoning “Energy Economy”.

Research Objectives

The objectives of this market research are:

- To gain an understanding about which companies are doing well and those companies that would benefit from new global warming pollution legislation.
- To identify companies that have experienced sales increases in the past one to two years and the reasons for those increases.
- To identify how companies perceive they would benefit from new global warming legislation.

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Methodology

- A telephone-based survey of business leaders on the topic of renewable energy and energy efficient products and services was conducted by Frost & Sullivan.
- A total of 500 respondents surveyed in December 2008 are included in this report.

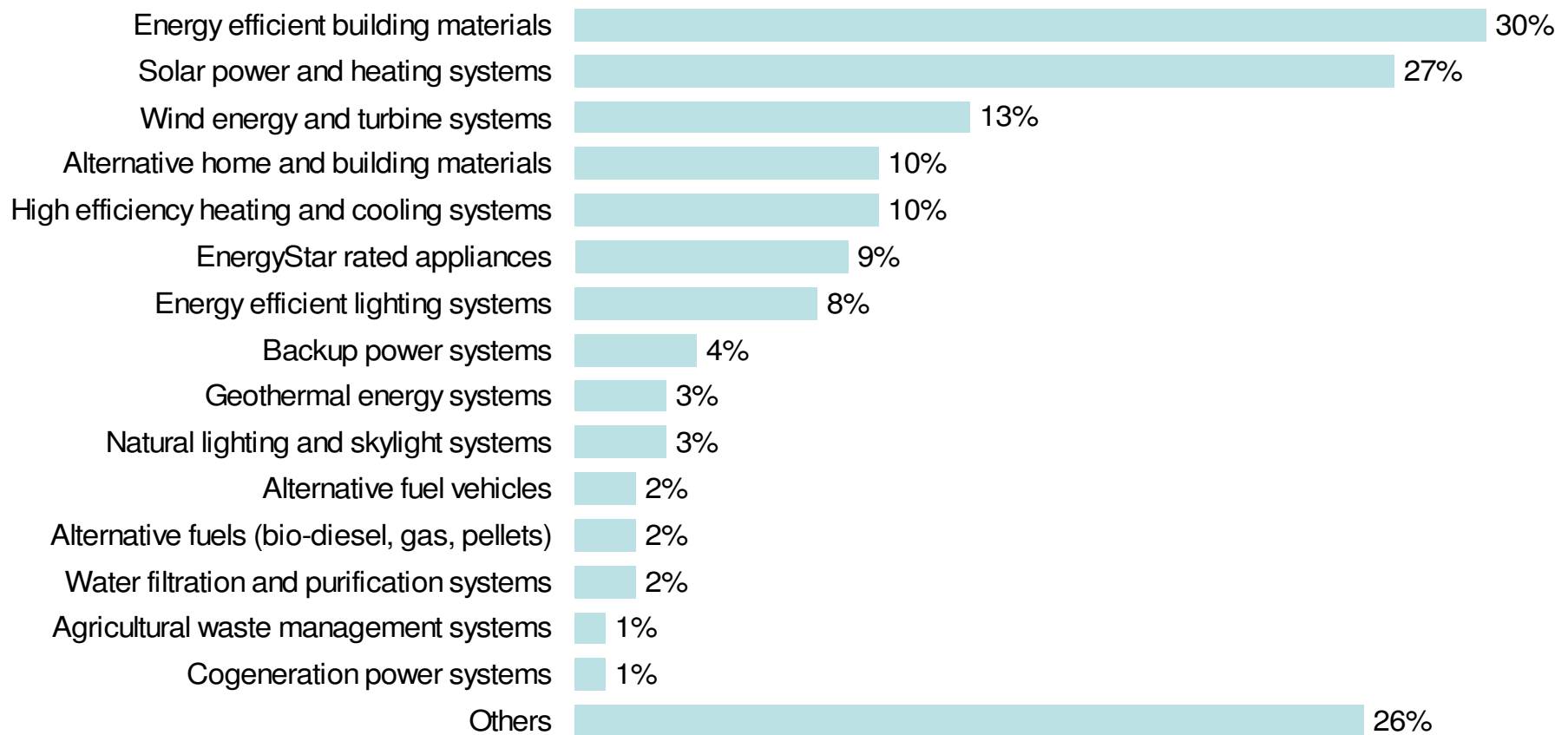
Size of Organization	Total Sample	
	#	%
One to 49 employees	311	62%
50 to 99 employees	44	9%
100 to 249 employees	63	13%
250 to 499 employees	19	4%
500 to 999 employees	13	3%
1,000 employees or more	44	6%
Don't know/Not Sure	16	3%
Total Sample	500	100%

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Green and Energy Efficient Products and Services

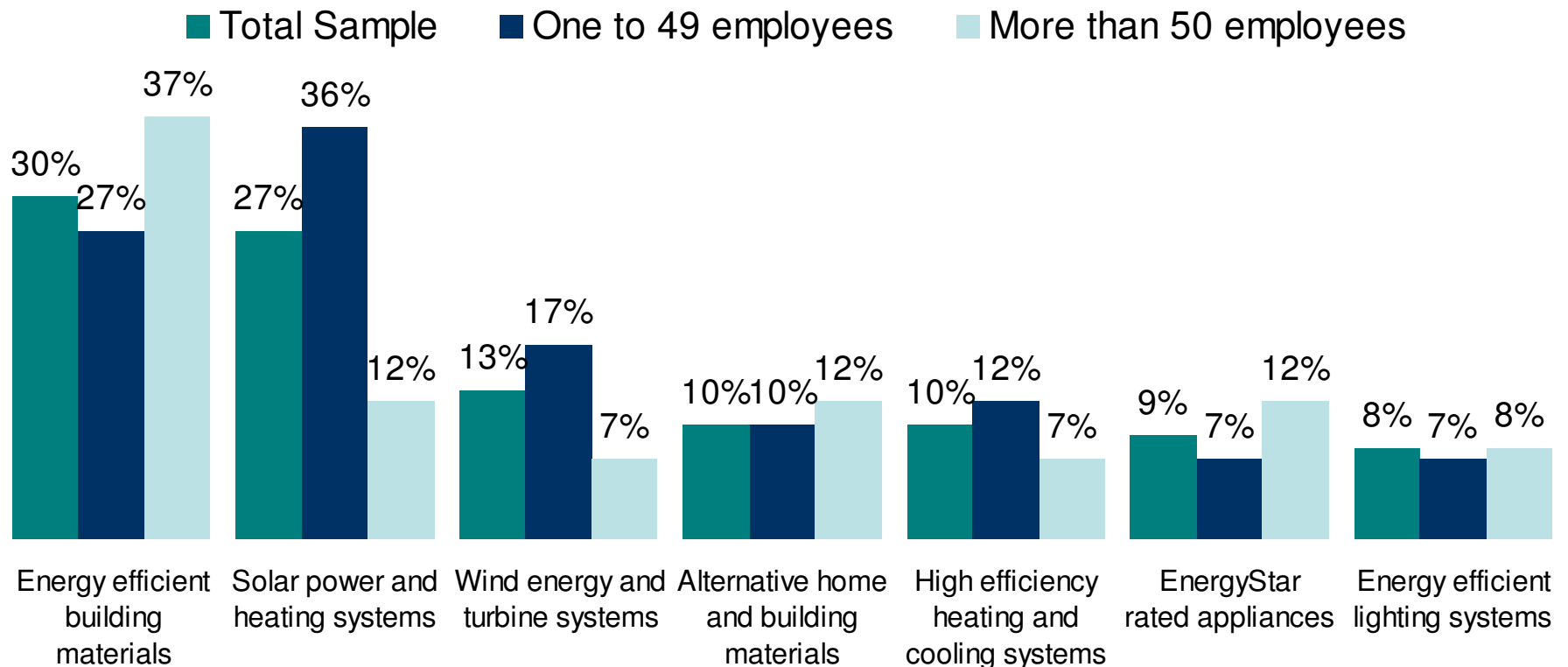
- The majority of respondents surveyed said their companies provide energy efficient building materials, solar power and heating systems, or wind energy and turbine systems.



Q. 3. What type of green or energy efficient products or services does your company provide?

Green and Energy Efficient Products and Services

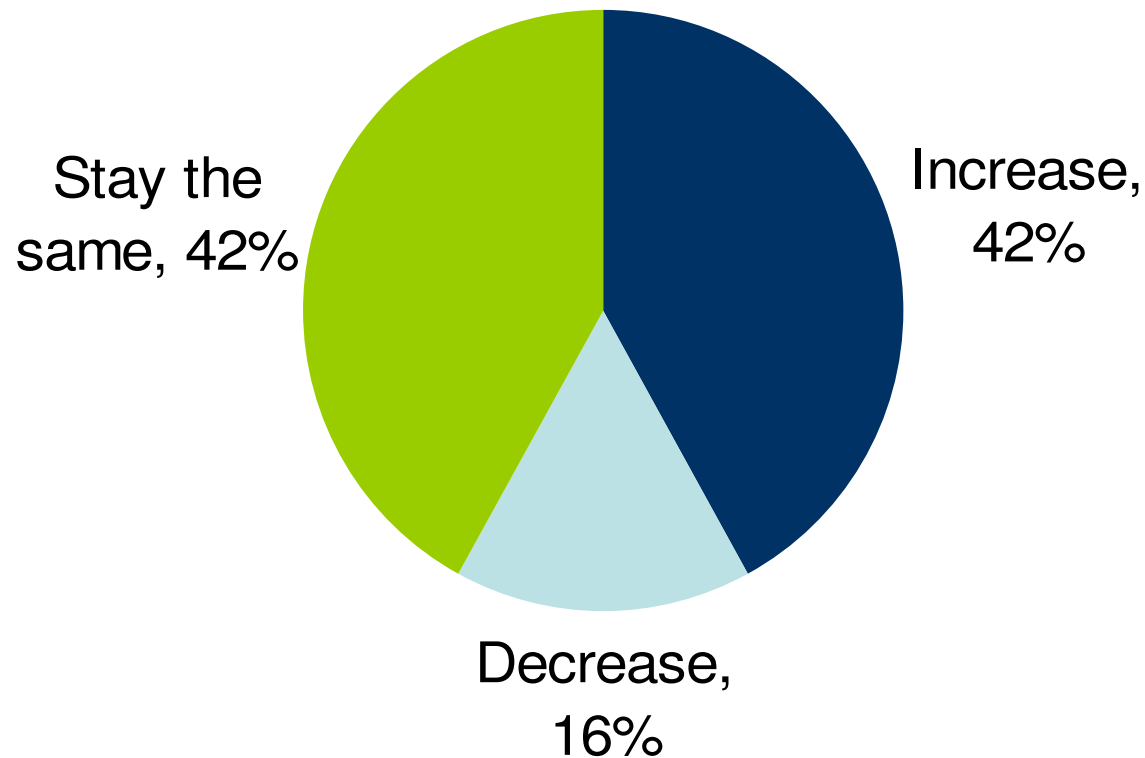
- Companies that provide either solar power and heating systems or wind energy and turbine systems are more likely to have less than 49 employees.
- Those that provide energy efficient building materials are more likely to have more than 50 employees.



Q. 3. What type of green or energy efficient products or services does your company provide?

Sales of Green and Energy Efficient Products

- Four out of 10 respondents (42%) said their sales have increased over the past one to two years and an equal number said that their sales have remained the same (42%).
- Just 16% of respondents indicated that they have seen a decrease in sales of their green and energy efficient products.

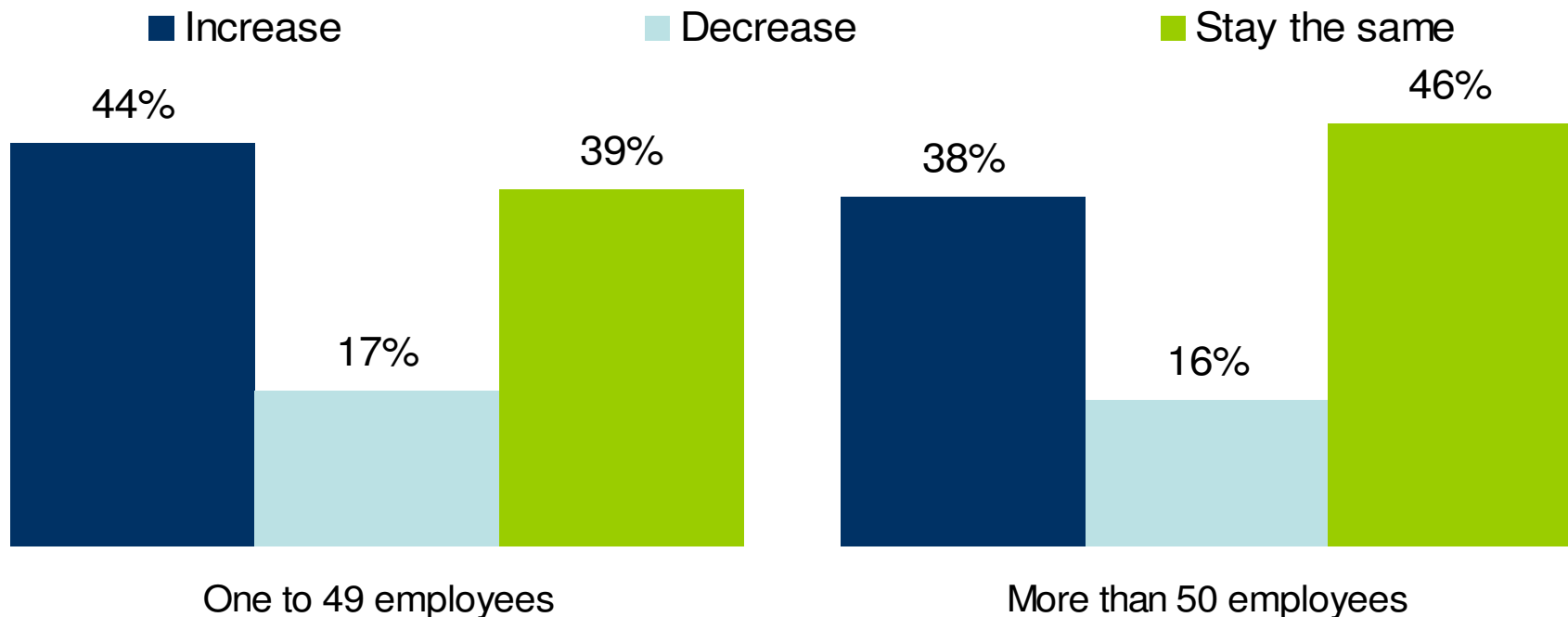


Q. 4a) Have your sales of green and energy efficient products and services increased, decreased or remained the same over the past one to two years?

Sales of Green and Energy Efficient Products

- Just under half of respondents (44%) from companies with less than 50 employees had an increase in sales of their green and energy efficient products.
- Just over one third of respondents (38%) from companies with more than 50 employees had an increase in sales of their green and energy efficient products.

By Organization Size

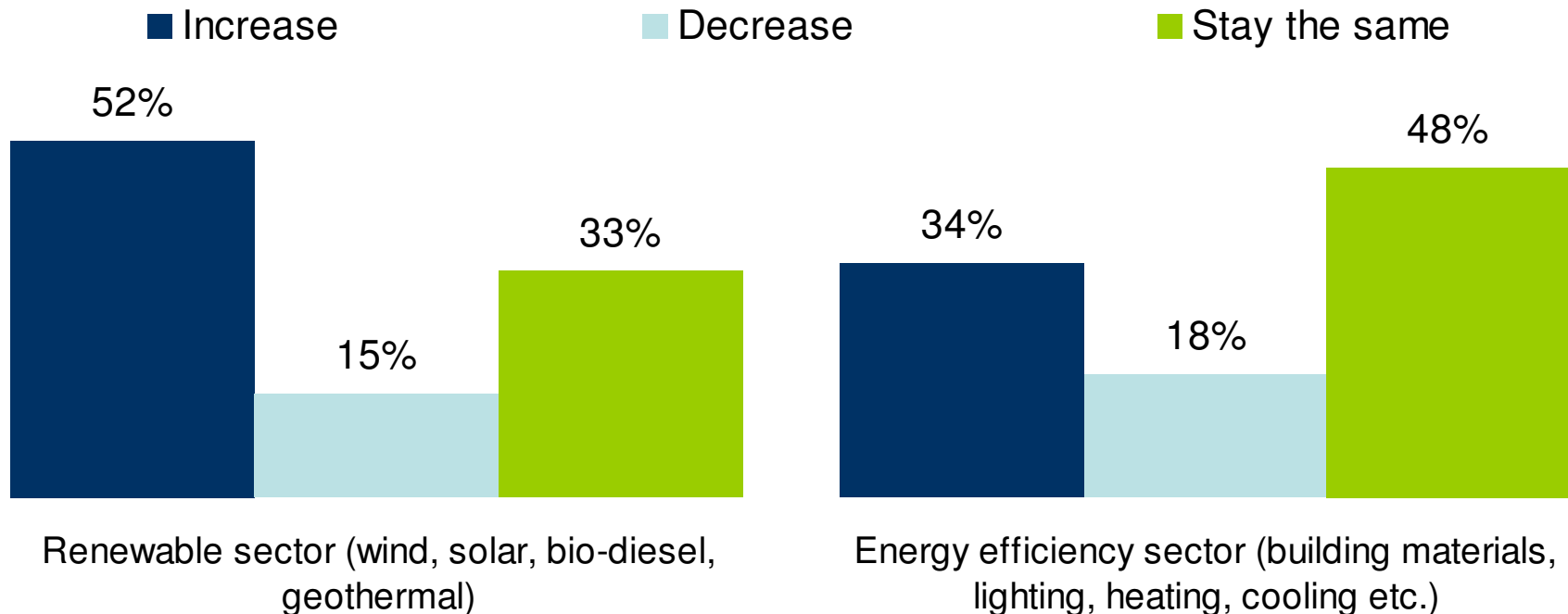


Q. 4a) Have your sales of green and energy efficient products and services increased, decreased or remained the same over the past one to two years?

Sales of Green and Energy Efficient Products

- Just over half of respondents (52%) from companies in the renewable sector had an increase in sales of their green and energy efficient products.
- Only one third of respondents from companies in the energy efficiency sector reported an increase in sales in the past one to two years.

By Renewable Energy Sector versus Energy Efficiency Sector

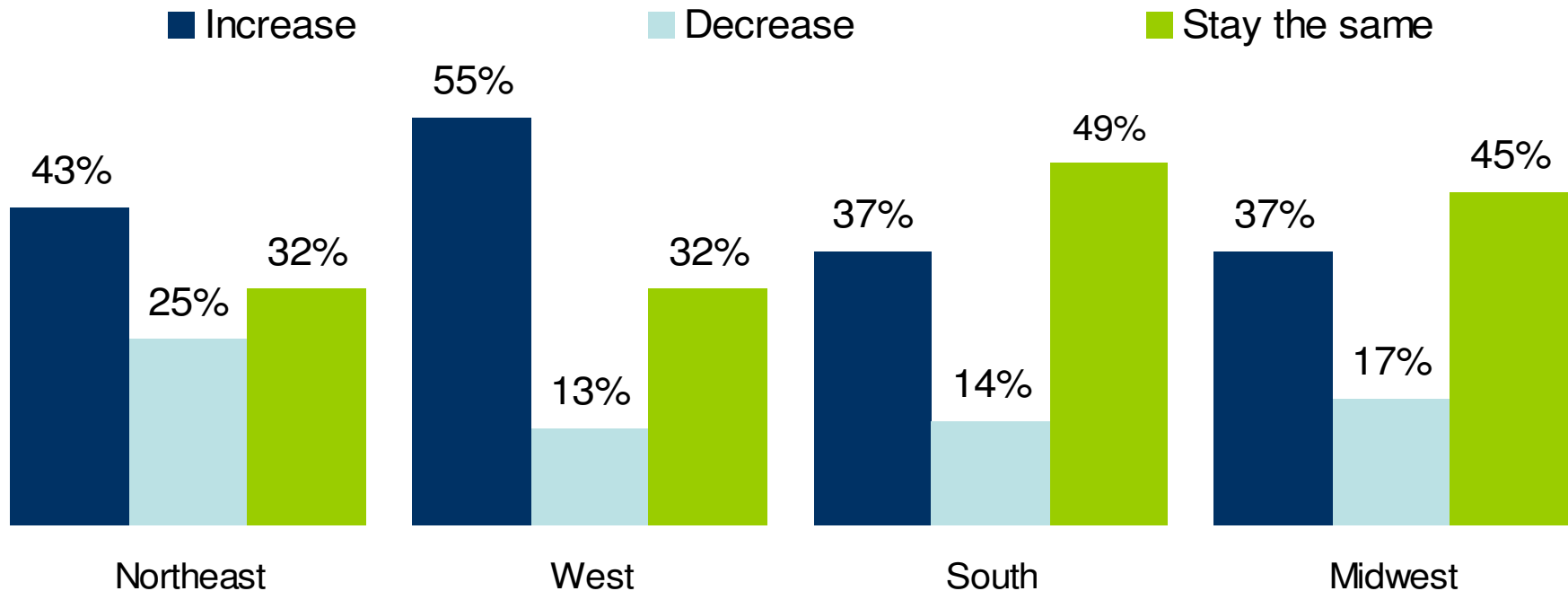


Q. 4a) Have your sales of green and energy efficient products and services increased, decreased or remained the same over the past one to two years?

Sales of Green and Energy Efficient Products

- Just over half of respondents (55%) from companies located in the West had an increase in sales of their green and energy efficient products.
- In the South and Midwest 37% reported an increase in sales over the past one to two years while 43% from the Northeast reported an increase.

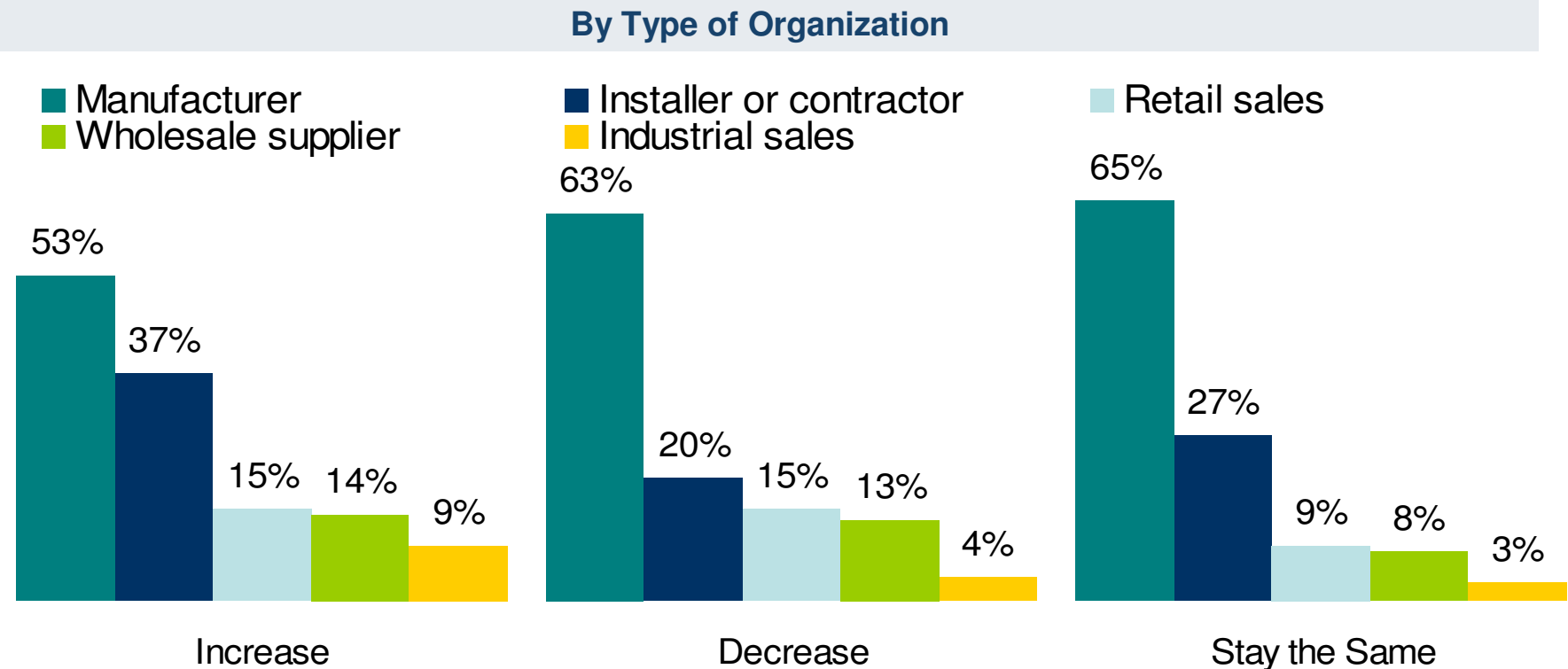
By Region



Q. 4a) Have your sales of green and energy efficient products and services increased, decreased or remained the same over the past one to two years?

Sales of Green and Energy Efficient Products

- A higher proportion of respondents whose organizations are manufacturers indicated either a decrease in sales or that their sales have remained the same.
- One third of respondents whose organizations are installer/contractors said their sales have increased over the past one to two years.

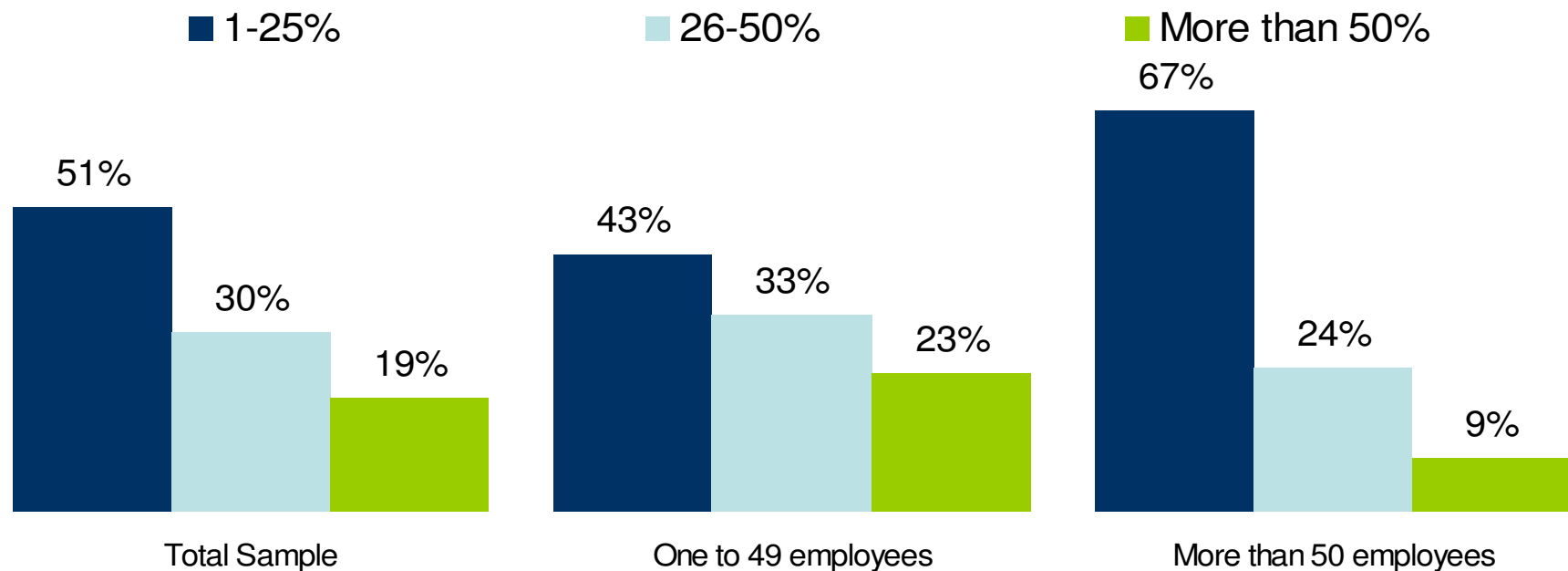


Q. 10. Which of the following best describes your organization?

Increase in Sales Over the Past One to Two Years

- Just over half of respondents reported a sales increase of between 1-25% for the past one to two years.
- Sales increases in companies with fewer than 50 employees are stronger with 56% reporting a sales increase of more than 25%, as compared to 33% of companies with more than 50 employees that reported a sales increase of more than 25%.

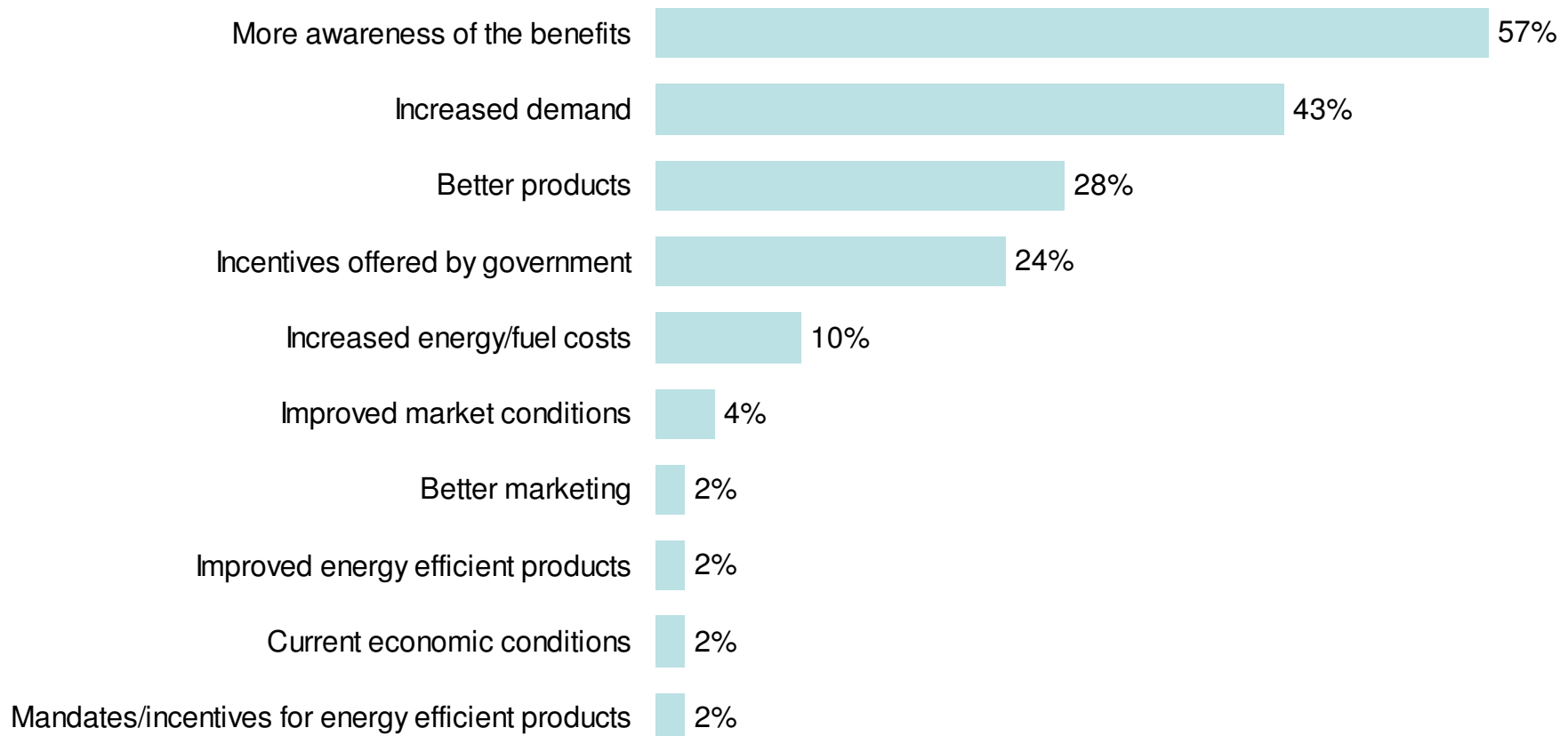
By Organization Size



Q. 4b) By approximately how much did your sales ["INCREASE" AT Q.4a] increase over the past one to two years?

Main Reasons for the Sales Increase

- The main reasons for the sales increase that respondents gave included more awareness of the benefits of green products, an increase in demand, better products and incentives that are offered by government.

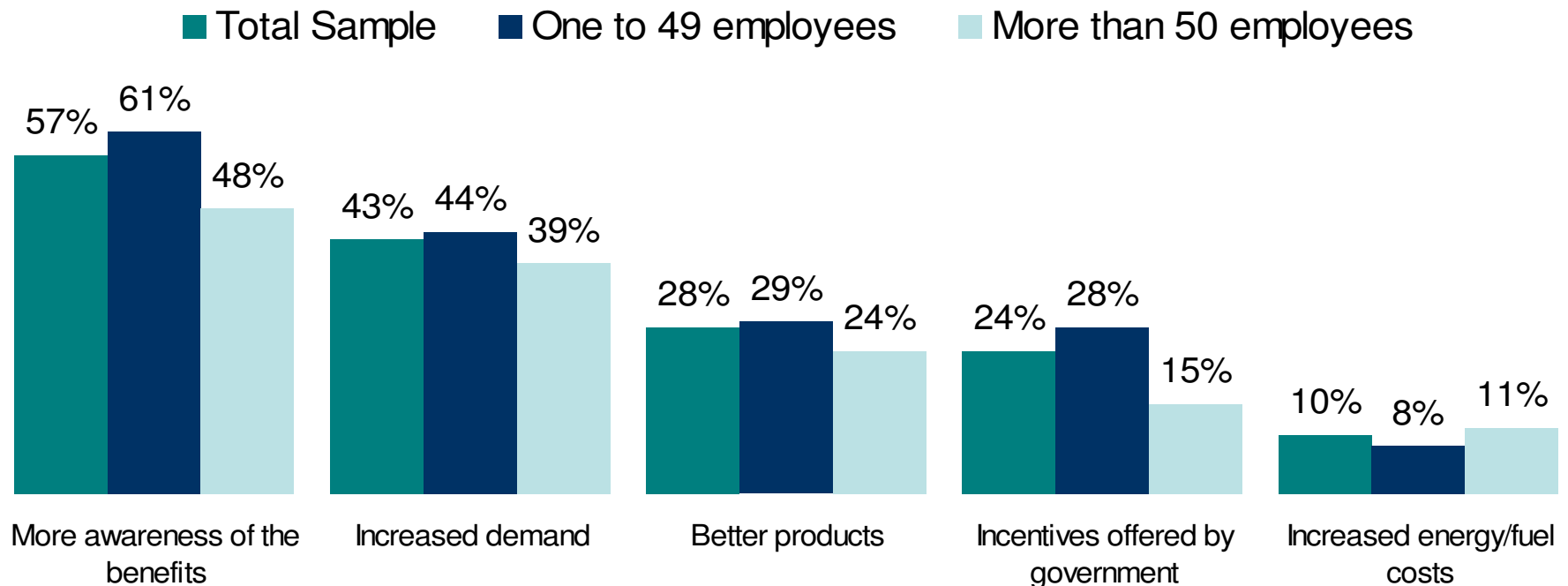


Q. 5a) What do you think are the main reasons for that sales increase?

Top Five Reasons for the Sales Increase

- The main reasons companies indicated for the sales increase are more awareness, increased demand, better products and incentives that are offered by the government.
- Smaller organizations with one to 49 employees were more likely to mention awareness of the benefits and incentives as the reasons for the sales increase.

By Organization Size

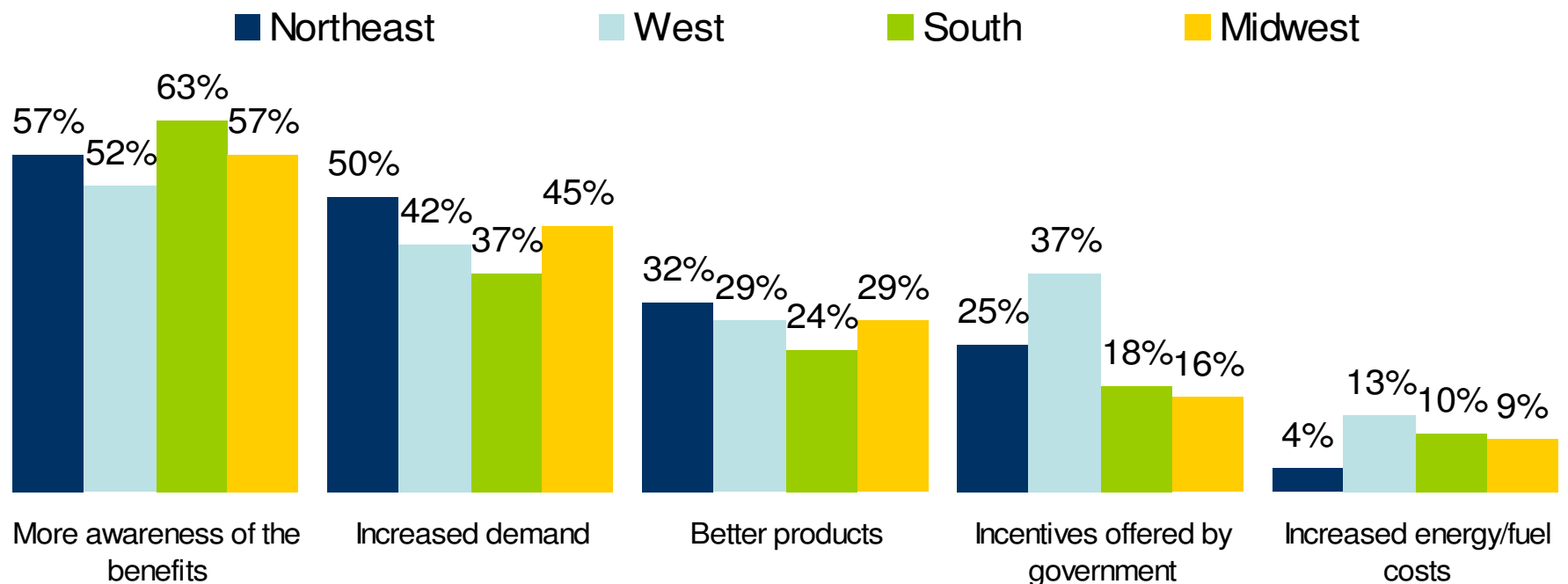


Q. 5a) What do you think are the main reasons for that sales increase?

Top Five Reasons for the Sales Increase

- The main reasons companies indicated for the sales increase are more awareness, increased demand, better products and incentives that are offered by the government.
- Organizations in the West reported more incentives are offered by the government.

By Region

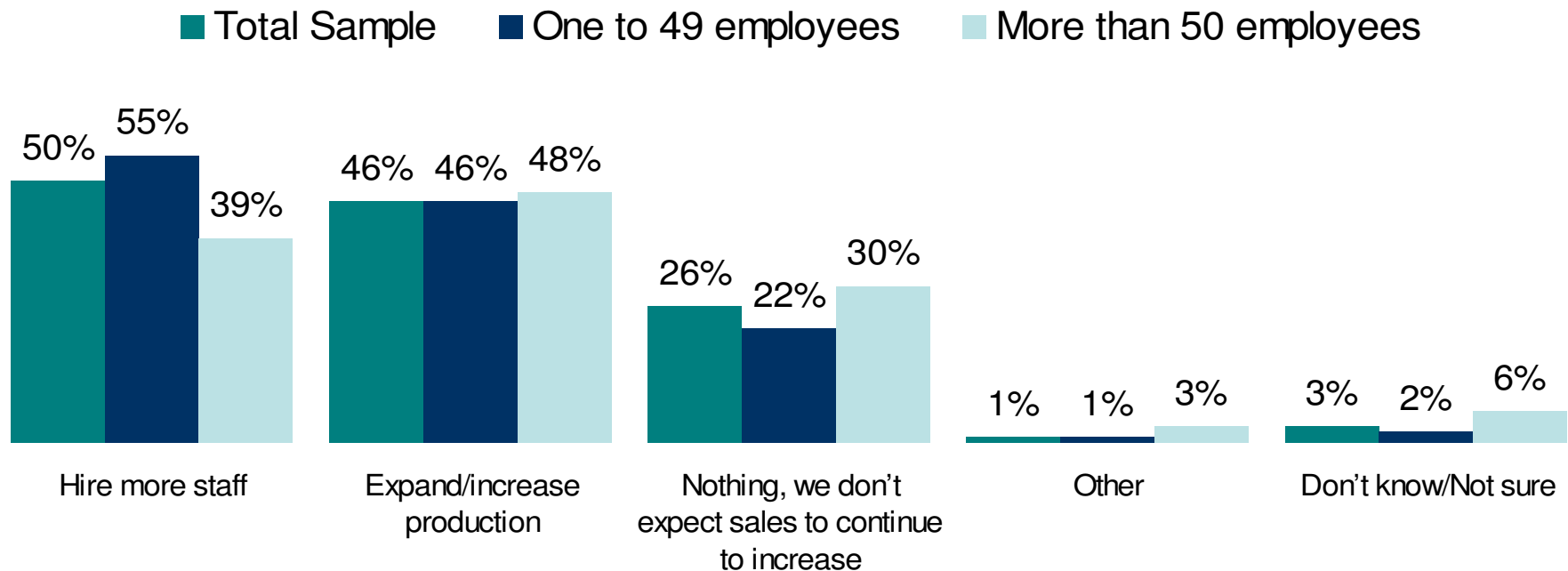


Q. 5a) What do you think are the main reasons for that sales increase?

Plans to Deal with the Recent Sales Increase

- In order to deal with the sales increase, 50% of respondents said they plan to hire more staff and 46% said they plan to expand/increase production.
- Respondents from companies with less than 50 employees are more likely to hire more staff to deal with the recent sales increase.

By Organization Size

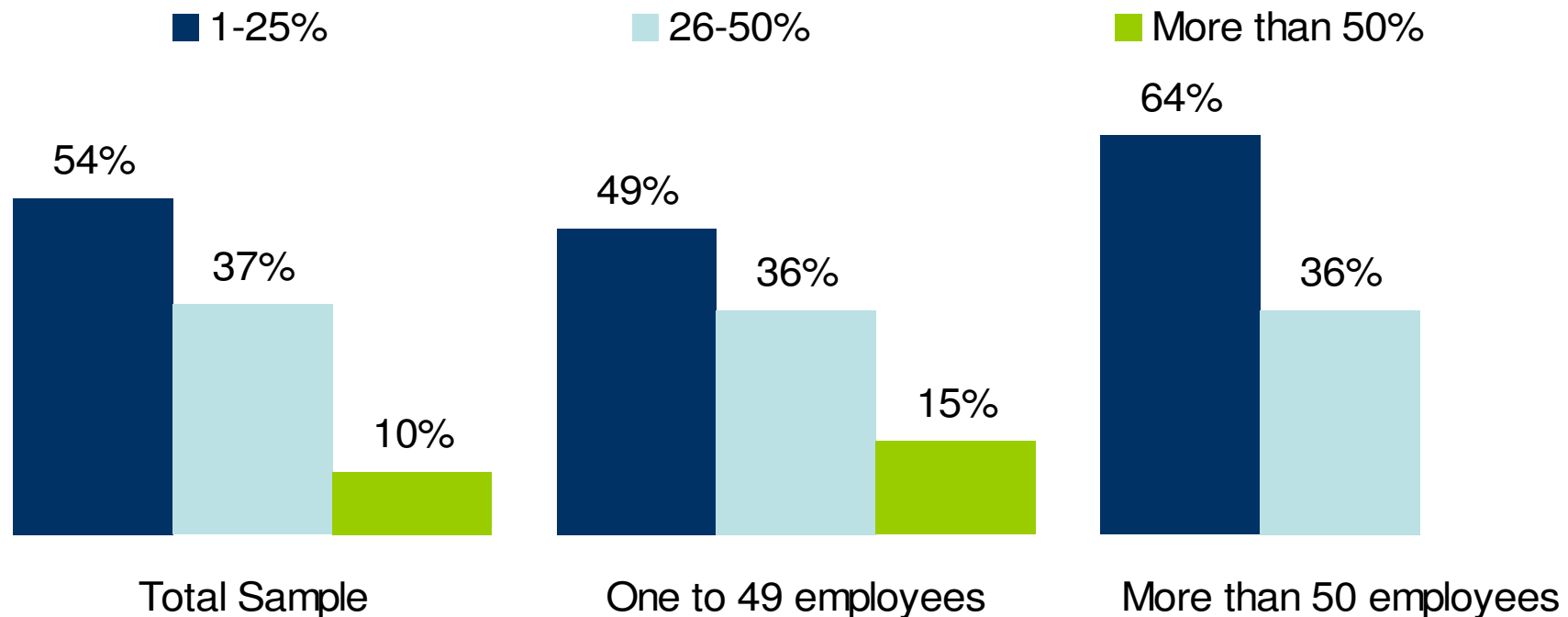


Q. 5b) What are your business plans to deal with the recent increase in sales?

Decrease in Sales Over the Past One to Two Years

- Just over half of respondents reporting a sales decrease over the past one to two years experienced a decrease between 1% and 25%.
- Two-thirds of organizations with more than 50 employees reporting a sales decrease experienced a decrease between 1% and 25%.

By Organization Size

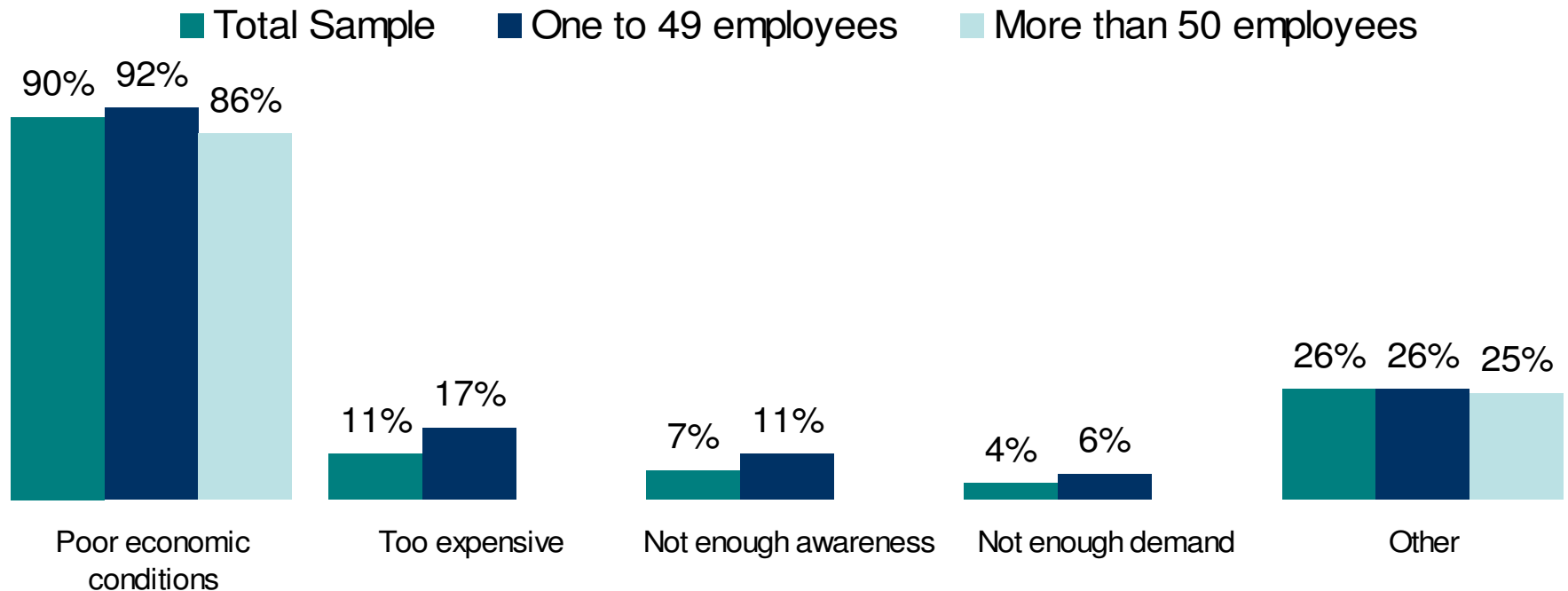


Q. 4b) By approximately how much did your sales "DECREASE" AT Q.4a: decrease] over the past one to two years?

Main Reasons for the Lack of Sales

- For respondents that reported a decrease in sales, almost all respondents said the main reason for the lack of sales are a result of the poor economic conditions.
- Very few reported that they thought that their products were too expensive or that there wasn't enough awareness or demand for their products.

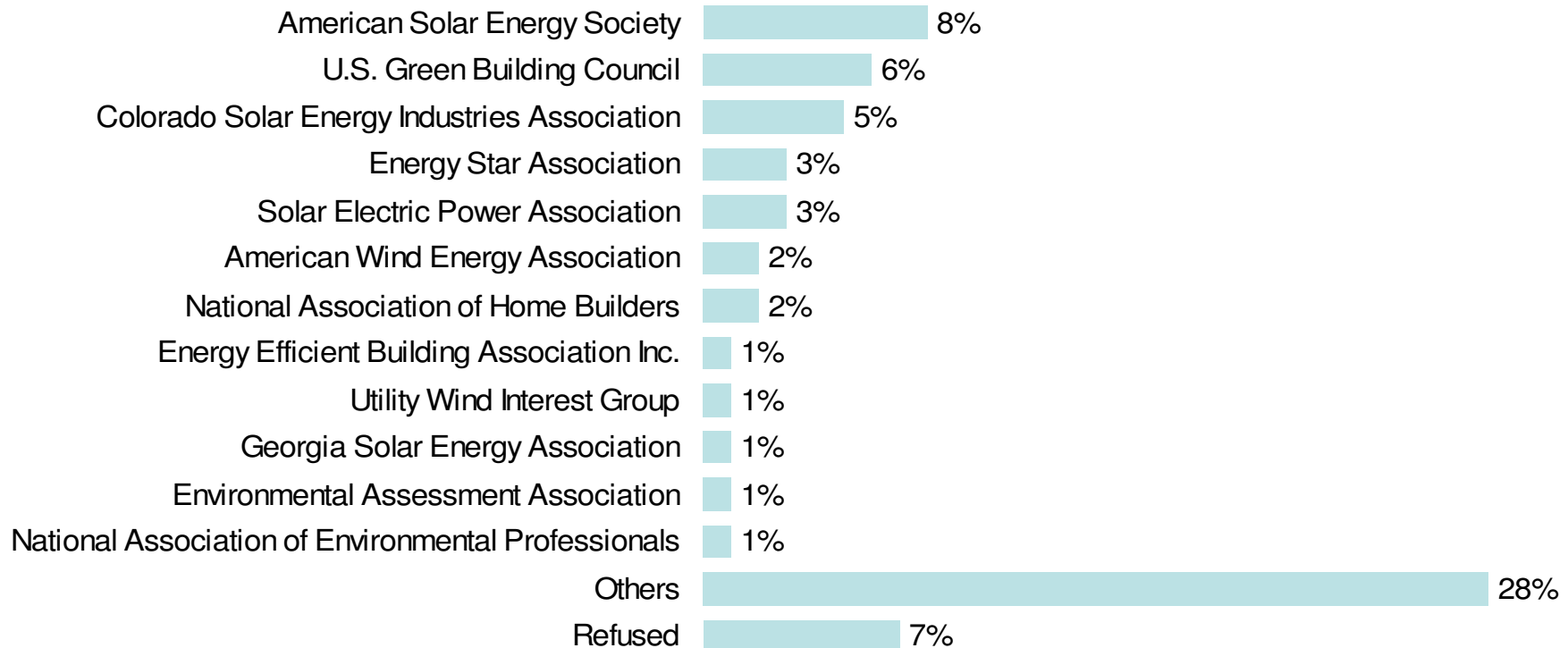
By Organization Size



Q. 5c) What do you consider to be the main reasons for the lack of sales increases over the past few years?

Industry or Business Associations

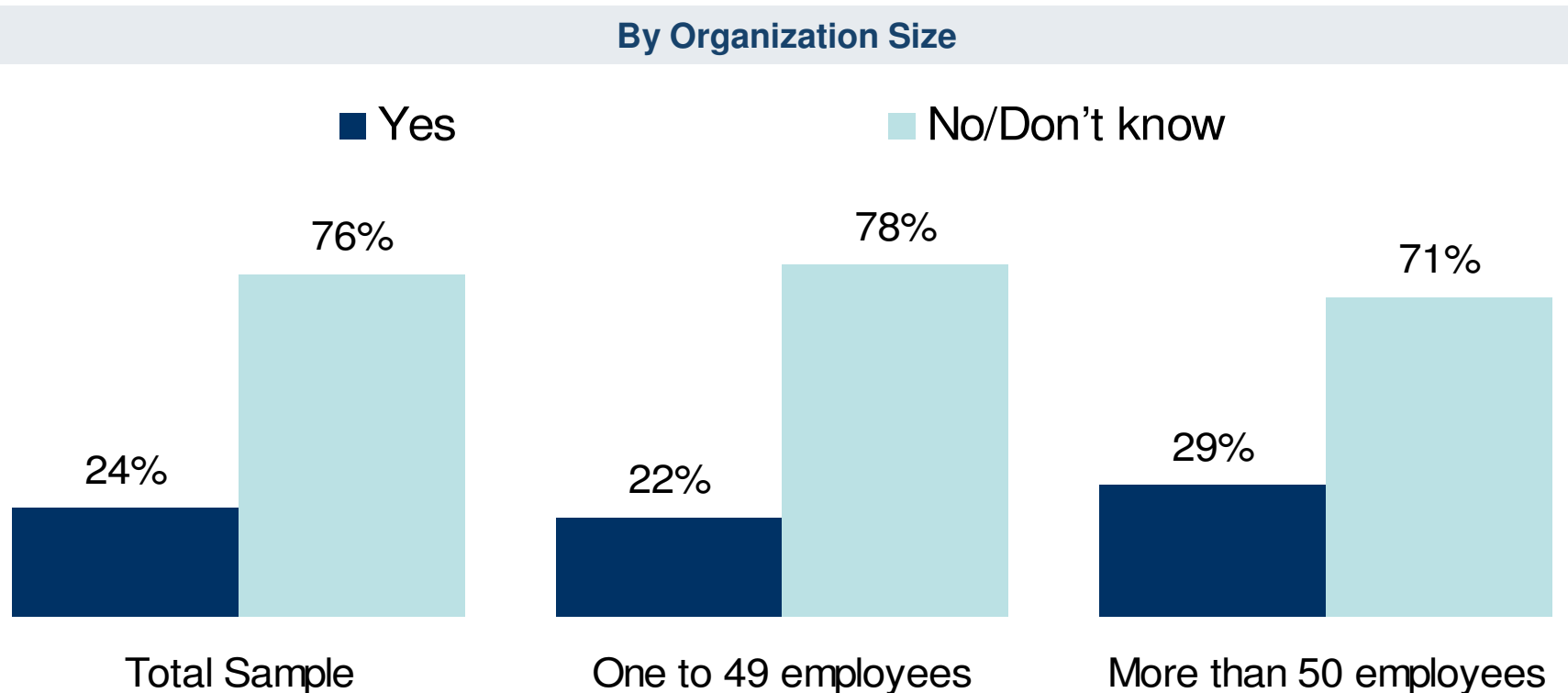
- Respondents belong to a diverse range of industry and business associations with the two most frequently mentioned being the American Solar Energy Society and the U.S. Green Building Council.
- Four out of 10 respondents said they do not belong to any industry or business associations.



Q 6. What industry or business associations do you belong to that are involved or directly related to the new energy economy?

Awareness of Proposals for Global Warming Legislation to Reduce Carbon Emissions

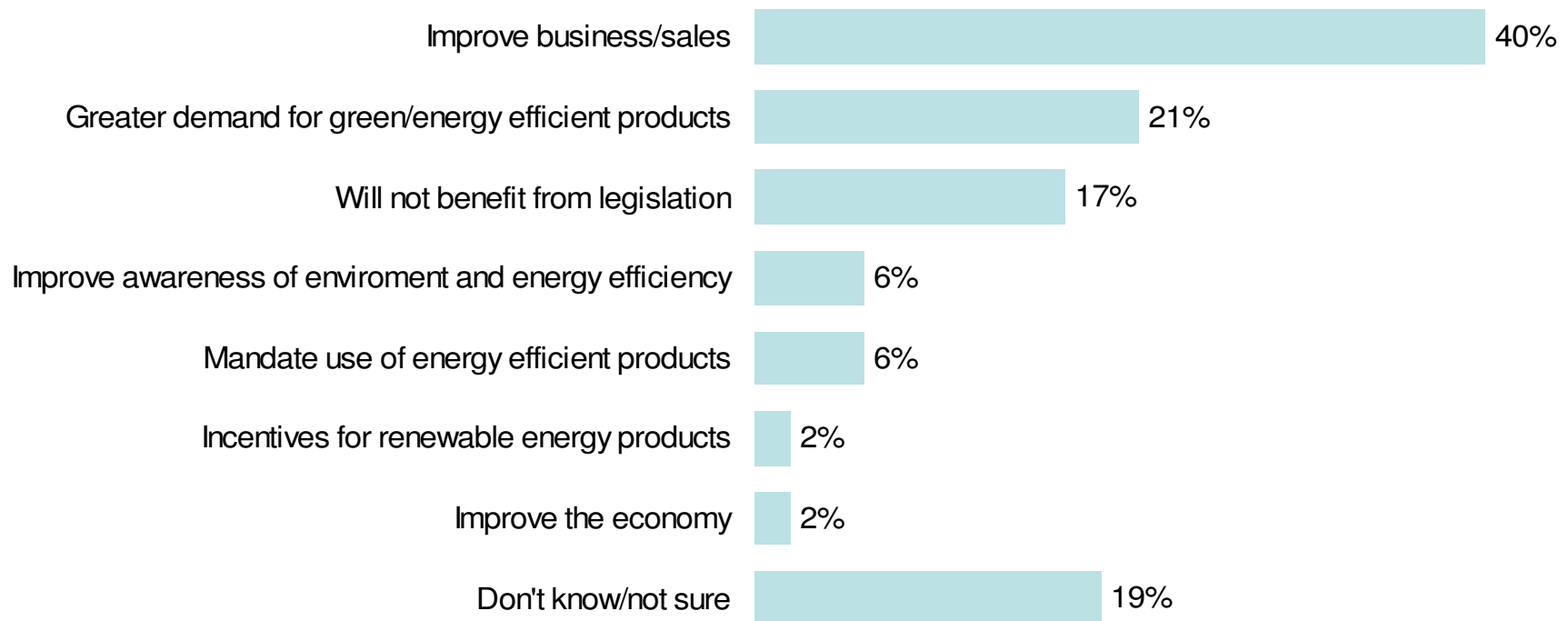
- One quarter of respondents said they are aware of proposals for new global warming legislation that will require businesses to reduce their carbon emissions.
- Highest awareness of legislation that will reduce carbon emissions by businesses is from respondents from organizations with more than 50 employees.



Q. 7a) Are you aware of any proposals recently introduced for new global warming pollution legislation that will require businesses to reduce their carbon emissions?

How they Would Benefit from Global Warming Legislation

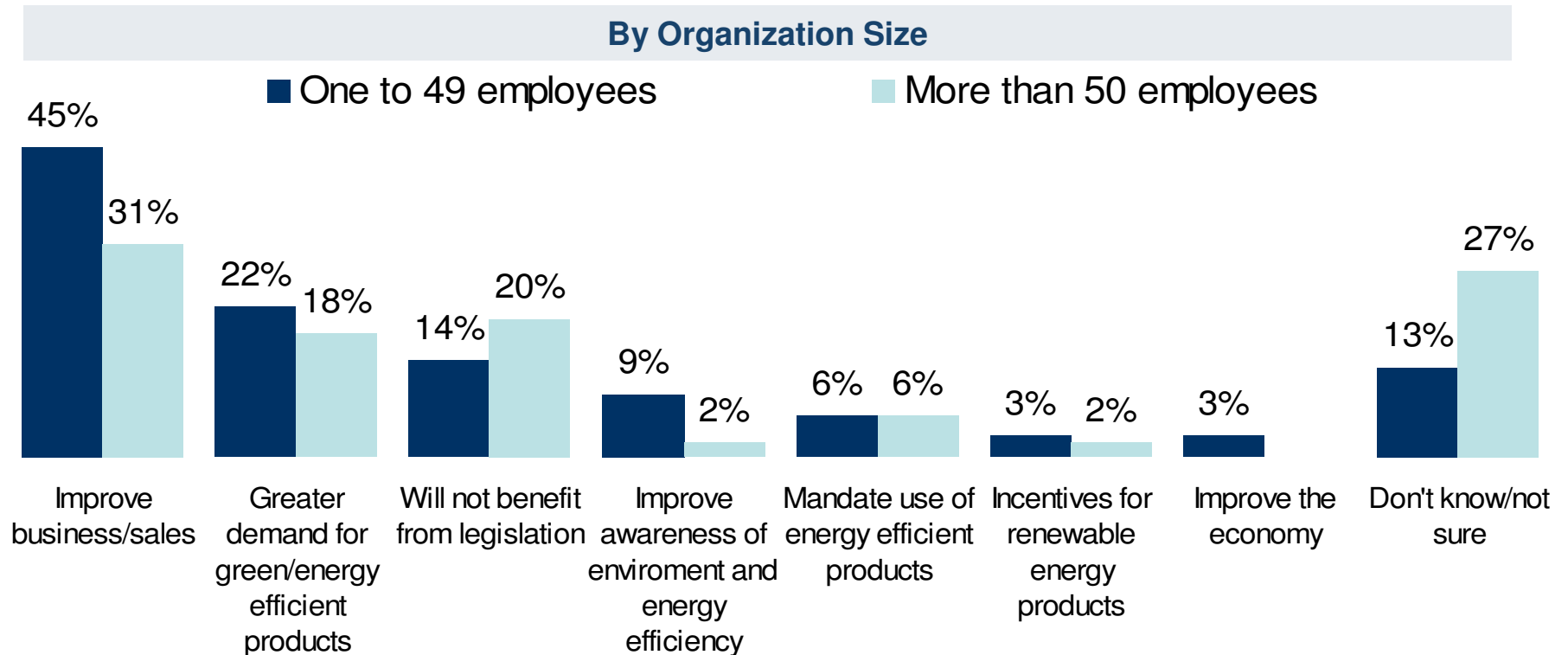
- For those who are aware of proposals for global warming legislation, the main benefits mentioned by respondents include improved business/sales, greater demand for green and energy efficient products and improved awareness.
- However, one-third of respondents said they either will not benefit from legislation (17%) or they do not know (19%) how they will benefit from new legislation.



Q. 7b) How do you think your organization would benefit from any new global warming pollution legislation?

How they Would Benefit from Global Warming Legislation

- For those who are aware of proposals for global warming legislation, the main benefits for legislation is to improve business sales for those with one to 49 employees.
- Companies with more than 50 employees are more likely to say they will not benefit (20%) or they don't know (27%) how legislation will improve their sales.



Q. 7b) How do you think your organization would benefit from any new global warming pollution legislation?

How they Would Benefit from Global Warming Legislation

- For those who are aware of proposals for global warming legislation, the main benefit that respondents gave is that it would improve business sales and provide greater demand.

Benefit from Legislation	Specific Benefit
Improve business/sales (40%)	<p>"It could effect it dramatically. It will make our products look more favorable so it will be easier to market them."</p> <p>"Our business is one of the solutions to overcome global warming, so I think it would increase sales."</p> <p>"Our lights use way less energy so we would definitely sell more of them."</p>
Greater demand for green/energy efficient products (21%)	<p>"It would take our technology and implement it across the board."</p> <p>"It would help us sell more solar panels. It would also help the economy."</p> <p>"Ours uses less carbon fuels and our products would be more in demand"</p>
Improve awareness of environment and energy efficiency (6%)	<p>"It would help our message as far as our products go."</p> <p>"It would help bring focus to alternative energy sources such as our company"</p>
Mandate use of energy efficient products (6%)	<p>"It will help if they enforce it."</p> <p>"It would demand efficiency."</p>

Q. 7b) How do you think your organization would benefit from any new global warming pollution legislation?

Benefits of Global Warming Legislation Not Evident to Some Organizations

- For those who are aware of proposals for global warming legislation, one third of respondents said they will not benefit from legislation (17%) or they do not know or are not sure yet (19%) how legislation will benefit them.

Benefit from Legislation	Specific Comment
Will not benefit from legislation (17%)	"I don't think it would change how we do business." "I really don't see any benefit from our standpoint."
Don't know/Not sure (19%)	"At this point, I don't know how it would benefit us." "I am not sure yet." "I am not sure yet they are very complicated so I can't answer that question."

Q. 7b) How do you think your organization would benefit from any new global warming pollution legislation?

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Conclusions

Sales Within the New Energy Economy

- Sales prospects are strong within the new energy economy.
 - Four out of 10 respondents (42%) said their sales have increased over the past one to two years and an equal number said that their sales have remained the same (42%).
 - Only 16% of respondents indicated that they have seen a decrease in sales of their green and energy efficient products.
- Larger organizations with 50 or more employees have a more conservative view of their sales increase with most indicating an increase of only 1-25%.
- Sales increases in organizations with fewer than 50 employees are stronger with 56% reporting a sales increase of more than 25%.

Conclusions

Companies that are Doing Well

- Reasons for a sales increase include more awareness of the benefits of green products, an increase in demand, better products and incentives that are offered by government.
- Most are planning to hire more staff and expand production.

Companies that are not Doing Well

- Indicated that the main reason for a lack of sales is the poor economic conditions.
- Very few reported that they thought that their products were too expensive or that there wasn't enough awareness or demand for their products.

Conclusions

Awareness of Proposals for Legislation to Reduce Carbon Emissions

- One quarter of respondents said they are aware of proposals for new global warming legislation to reduce carbon emissions.
- Larger organizations are more aware of proposals to reduce carbon emissions as compared to those with less than 50 employees.

Benefits from Global Warming Legislation

- For those who are aware of proposals for global warming legislation:
 - Respondents said they will benefit from improved business/sales (40%) and a greater demand (21%) for green and energy efficient products.
 - One-third of respondents said they either will not benefit from legislation (17%) or they don't know (19%) how they will benefit.

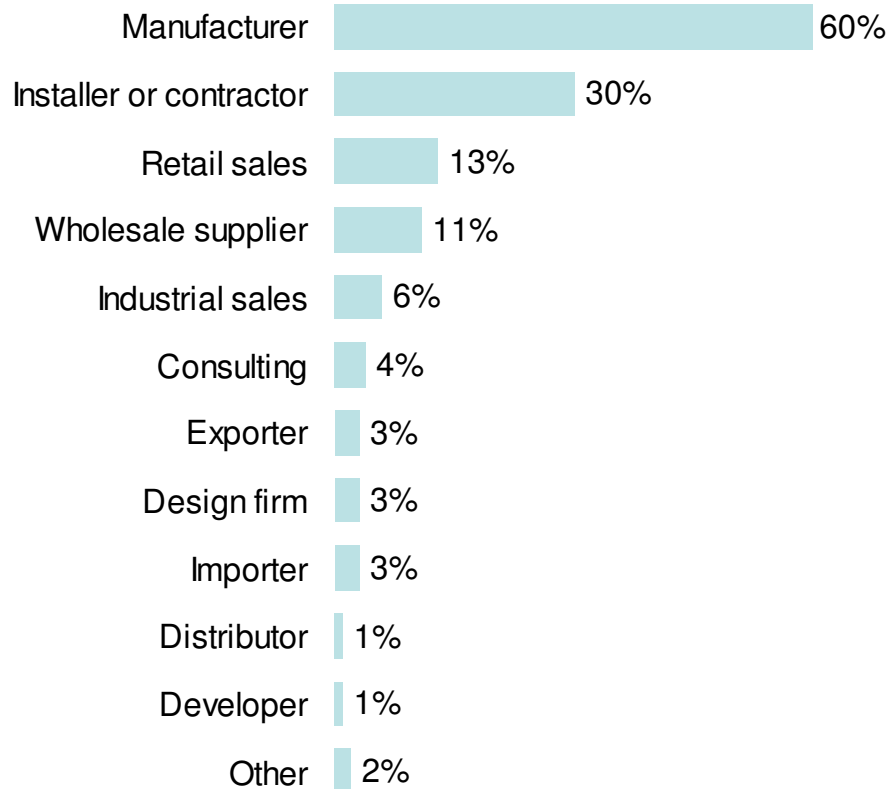
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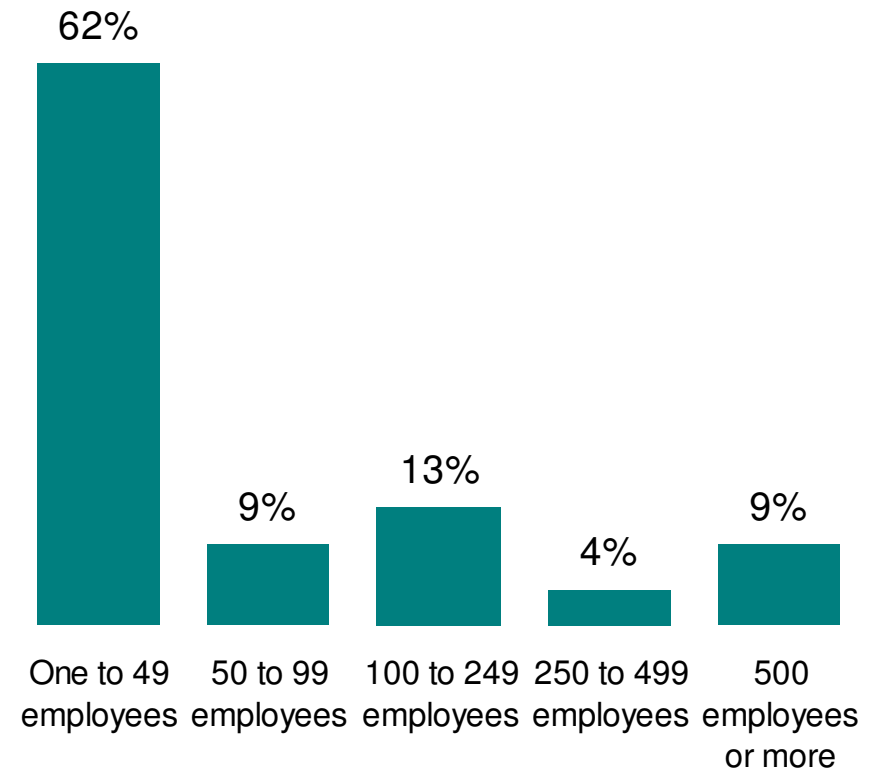
Organization Profile

- The majority of respondents surveyed organizations are either manufacturers or installer/contractor companies. Two-thirds employee between one to 49 employees.

Organization Size



Number of Employees

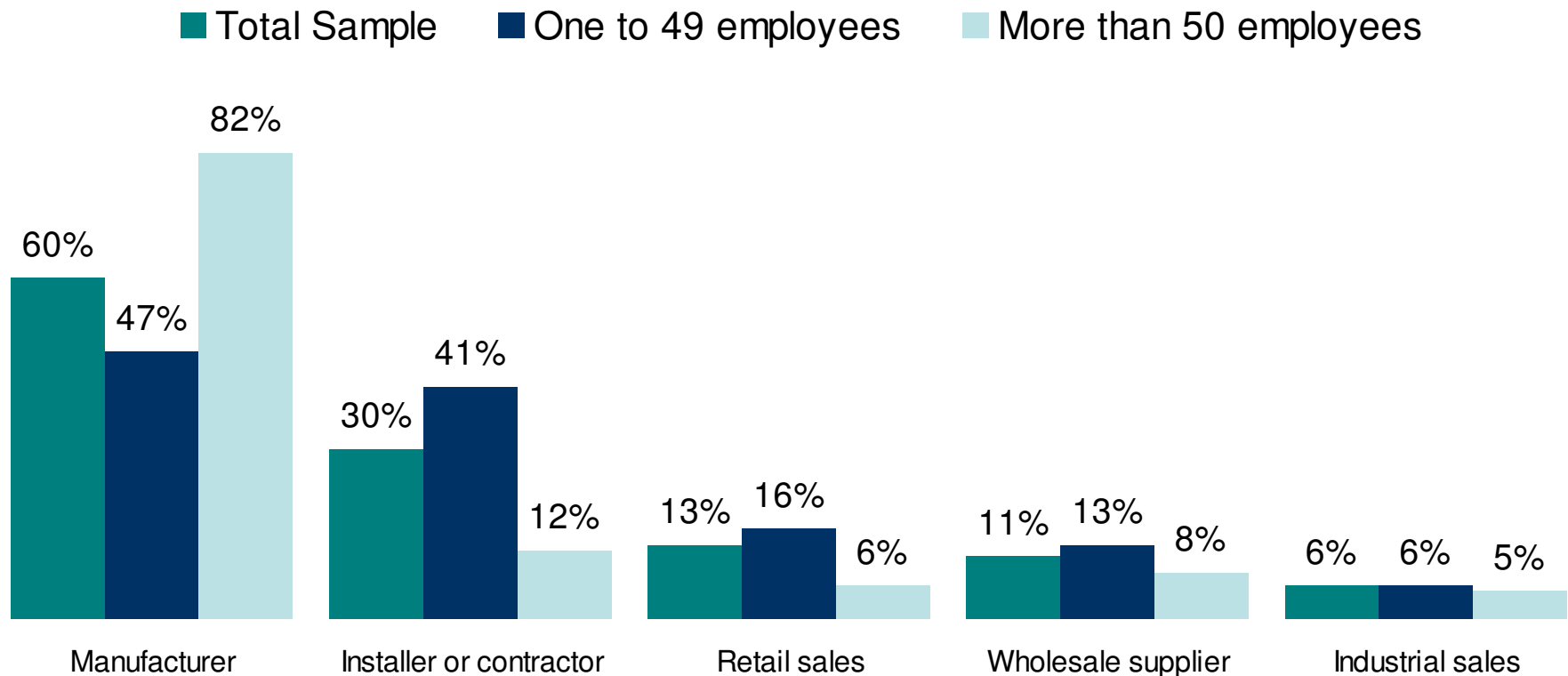


Q. 10. Which of the following best describes your organization?

Type of Organization

- Manufacturing organizations are more likely to have more than 50 employees that work for their organization.

By Organization Size



Q. 10. Which of the following best describes your organization?

Organization Profile – Job Title or Position

- The majority of respondents surveyed are either Owner/Partner, General managers or in Sales or Marketing management roles.

